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*ELECTRIC SOLIDUS, INC. d/b/a SWAN BITCOIN*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

ELECTRIC SOLIDUS, INC. d/b/a  
SWAN BITCOIN, a Delaware  
corporation,

Plaintiff

v.

PROTON MANAGEMENT LTD., a  
British Virgin Islands corporation;  
THOMAS PATRICK FURLONG;  
ILIOS CORP., a California corporation;  
MICHAEL ALEXANDER HOLMES;  
RAFAEL DIAS MONTELEONE;  
SANTHIRAN NAIDOO; ENRIQUE  
ROMUALDEZ; and LUCAS  
VASCONCELOS,

Defendants.

Case No. 2:24-cv-8280-MWC-E

**SWAN'S SUPPLEMENTAL  
MEMORANDUM OF LAW IN  
SUPPORT OF ITS MOTION TO  
COMPEL DEFENDANTS TO  
COMPLY WITH SECOND SET OF  
DISCOVERY REQUESTS**

**DISCOVERY MATTER**

Hearing Date: July 18, 2025  
Time: 9:30 a.m.  
Place: Courtroom 750, 7th Fl.  
Judge: Hon. Charles F. Eick

Discovery Cutoff: November 7, 2025  
Pre-Trial Conf. Date: April 26, 2026  
Trial Date: May 4, 2026

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1 Proton’s employees developed the trade secrets at issue while working at  
2 Swan, and then stole the trade secrets in the weeks before they left to join Proton.  
3 Given this context, it is unbelievable that Proton cannot understand Swan’s asserted  
4 trade secrets. Indeed, Proton has already produced documents and dropped prior  
5 objections to doing so on the basis of Swan’s Trade Secret Identification.

6 Proton now asks the Court to let it re-raise objections to Swan’s Trade Secret  
7 Identification that it previously dropped, freeze the case, and order Swan to re-write  
8 its Identification before further discovery into Proton’s misappropriation can  
9 proceed. But to succeed on this challenge, Proton must show that Swan’s  
10 Identification is *so* deficient that Proton cannot even “ascertain the boundaries of  
11 the alleged trade secret and prepare defenses.” *EchoSpan, Inc. v. Medallia, Inc.*,  
12 2022 WL 22855051, at \*2 (N.D. Cal. July 25, 2022). Despite spending more than  
13 50 pages trying (Dkt. 243-1 at 51-103), Proton comes nowhere near that standard.  
14 Swan’s Identification, Dkt. 111-1—identifying 20 trade secrets over nearly 30  
15 descriptive pages—is more than sufficient. Indeed, the Court already found that  
16 Swan’s Identification “identifies the trade secrets and shows that they exist.” Dkt.  
17 164 at 23. Proton does not raise any other substantive objections to Swan’s  
18 discovery requests. The Court should compel Proton to respond in full to Swan’s  
19 Second Set of Discovery Requests.

20 **I. SWAN’S IDENTIFICATION OF TRADE SECRETS IS SUFFICIENT**

21 Swan has complied with its obligations under Section 2019.210. Swan’s  
22 Identification provides an extensive and detailed roadmap to how Swan captured a  
23 large share of the entire Bitcoin mining market with unprecedented speed and  
24 favorable economics. This was not easy to achieve. Swan’s success required  
25 finding optimal mining sites, deploying the right machines at those sites, running  
26 the machines effectively at each site, and doing all of the foregoing while  
27 minimizing the staggering energy costs that cause many well-financed competitors  
28 to fail. Swan’s Identification describes how Swan navigated these challenges.

1 Swan’s disclosure describes its R&D, mining procedures, and its bespoke  
2 decisions that optimized performance and profits across multiple different mining  
3 sites. These procedures and decisions represent a series of marginal improvements  
4 that Swan made over customary practices in Bitcoin mining. Accumulated together,  
5 these trade secrets enabled Swan’s runaway success in an industry defined by  
6 widespread failure. Although Swan disputes that a heightened standard applies  
7 here, Dkt. 243-1 at 19, these trade secrets are “incremental variations on preexisting  
8 technology in a highly specialized technical field,” thus satisfy even the “heightened  
9 standard.” *Alphonso Inc. v. Tremor Video, Inc.*, 2022 WL 17968081, at \*4 (N.D.  
10 Cal. Oct. 31, 2022).

11 Proton is clearly able to “discern the boundaries of the trade secret so as to  
12 prepare available defenses,” *Brescia v. Angelin*, 172 Cal. App. 4th 133, 143 (2009),  
13 as evidenced by arguments that Proton makes throughout the joint stipulation that  
14 require an understanding of the asserted trade secrets. For instance, Proton argues  
15 that “hosting contracts” cannot form part of Swan’s trade secrets, Dkt. 243-1 at 59,  
16 but this very argument proves that Proton understands that those contracts form part  
17 of the asserted trade secrets. Proton argues that Swan must specify each individual  
18 provision in each contract that is proprietary (*see* Dkt. 243-1 at 90), but that is not  
19 required at this early stage. *EchoSpan*, 2022 WL 22855051, at \*2. Proton similarly  
20 argues Swan must parse line-by-line through its BNOC source code to identify  
21 which lines contain publicly available code. Dkt. 243-1 at 89-90. This is not  
22 required either. *See id.*; *see also Dumbo Moving & Storage, Inc. v. Piece of Cake*  
23 *Moving & Storage LLC*, 2025 WL 219063, at\*7 (S.D.N.Y. Jan. 16, 2025).

24 Likewise, Proton advances merit-based objections such as contesting Swan’s  
25 ownership; these arguments are misplaced in a challenge to the sufficiency of  
26 Swan’s disclosure, and they further show that Proton is fully able to mount defenses.  
27 Despite Proton’s own acknowledgement that many of its objections to Swan’s  
28 disclosure are “*merits-based defenses*” rather than sufficiency arguments (Dkt. 243-

1 1 at 56), Proton continues to wrongly assert that these objections are proper. Proton  
2 relies on *Wisk Aero LLC v. Archer Aviation Inc.*, to argue that not only must Swan  
3 comply with the obligations of Section 2019.210 but it must also meet some  
4 undefined standard for “establish[ing] independent economic value” of its trade  
5 secrets. 2021 WL 8820180, at \*13 (N.D. Cal. Aug. 24, 2021). However, neither  
6 *Wisk Aero* nor the Court’s Order, Dkt. 95, require this. This Court’s Order requires  
7 only that Swan provide a description of its reasonable efforts to maintain secrecy  
8 and the independent economic value of its trade secrets. Dkt. 95 at 6. This Court  
9 has already held that Swan has provided such description. Dkt. 164 at 23 (stating  
10 that Swan demonstrated that the information is not “readily ascertainable through  
11 proper means,” it “derives independent economic value,” and that it took  
12 “reasonable measures to keep such information secret”). No case that Proton has  
13 cited, nor any case that Swan is aware of, has required a trade secret plaintiff to do  
14 more than what Swan has already done on these two elements.

15 Proton’s April 15 letter (Ex. C) also shows that Proton understands the  
16 asserted trade secrets and can mount defenses against them. As previously  
17 explained (Dkt. 243-1 at 22-23), that letter raises nuanced quibbles with Swan’s  
18 Identification. It also attempts to re-write Swan’s trade secrets with subtle changes  
19 meant to transform Swan’s specific explanations of its proprietary techniques into  
20 generic concepts. As such, the letter was a strategic attempt by Proton to re-  
21 characterize Swan’s trade secrets. No one could have written such a letter if they  
22 were as lost-at-sea as Proton now claims to be.

23 Proton raises a series of other challenges that would all require this Court to  
24 take a “stingy view” of Swan’s Identification, but the law demands it to be “liberally  
25 construed” in favor of advancing discovery. *Advanced Modular Sputtering, Inc. v.*  
26 *Superior Court*, 132 Cal. App. 4th 826, 835 (Cal. Ct. App. 2005). For example,  
27 Proton attacks Swan’s citation to documents in its disclosure. Dkt. 243-1 at 59-62.  
28 But as Swan explained, there is no prohibition against citing to documents in a trade

1 secret disclosure. *Id.* Swan has, appropriately, cited select documents to further  
2 delineate its claimed trade secrets. Proton’s own cases endorse this practice. *Alta*  
3 *Devices, Inc. v. LG Elecs., Inc.*, 2019 WL 176261, at \*3 (N.D. Cal. Jan. 10, 2019)  
4 (“As a general matter, identification of a trade secret may include a reference to a  
5 specific document or portion of a document, so long as the trade secret is described  
6 with reasonable particularity.”). Swan has distinguished its disclosure from cases  
7 where plaintiffs cited documents improperly. *See* Dkt. 243-1 at 20-22  
8 (distinguishing *M/A-COM*, *Loops AI Labs*, and *Carl Zeiss*).

9 Proton separately complains that it cannot see the documents themselves  
10 because they are designated “Attorneys Eyes Only.” Dkt. 243-1 at 60. But access  
11 to a document has nothing to do with the sufficiency of Swan’s disclosure. And  
12 this Court already agreed with Swan in limiting access to documents marked  
13 Attorneys’ Eyes Only. Dkt. 171. Even setting the protective order aside, Proton’s  
14 current employees *wrote* the documents at issue and *stole* many of them, so they  
15 know exactly what they are.

16 Proton also challenges Swan’s references in its briefing to the “background”  
17 section of its trade secret disclosure. Dkt. 243-1 at 63. But the Court ordered Swan  
18 to include this section, Dkt. 95 at 6. Proton’s argument that Swan should have  
19 written its brief without any reference to the trade secret disclosure that Proton is  
20 challenging makes no sense.

21 Proton argues the *inadvertent* publication of a letter referencing some of  
22 Swan’s trade secrets shows that the claimed trade secrets are insufficiently specific.  
23 Dkt. 243-1 at 53 n. 13. This argument is baseless given that the publication was  
24 unintentional, and the document at issue has been sealed. Dkt. 240 (sealing order).

## 25 **II. PROTON RAISES NO OTHER VALID OBJECTION**

26 Proton now claims that even if the Court deems Swan’s Identification to be  
27 sufficient, the Court should nonetheless deny Swan’s motion to compel based on  
28 Proton’s objections to “definitions and instructions” in Swan’s written discovery.



Dkt. 243-1 at 102-103. It is too late for this argument. Proton repeatedly assured Swan that the only objection that Proton intended to maintain as to Swan's Second Sets of RFPs and Interrogatories were its objections to the sufficiency of Swan's trade secret disclosure. Ex. 2. Further, objections to definitions or instructions in a discovery request are not a valid basis on which a party can withhold discovery. *Duran v. Cisco Sys., Inc.*, 258 F.R.D. 375, 378 (C.D. Cal. 2009). "[U]nexplained and unsupported boilerplate objections are improper." *Id.* at 379 (collecting cases).

### **III. PROTON SHOULD BE ORDERED TO COMPLY IN SEVEN DAYS**

Fact discovery opened nearly five months ago. Since then, this Court has issued several orders requiring Proton to comply with discovery. (Dkt. 156, Dkt. 205). Proton now seeks to further delay discovery by asking the Court to set a production deadline "at least two weeks after the Court's scheduled July 25, 2025 hearing on Proton's Motion to Compel Arbitration." Dkt. 243-1 at 103.

Proton cannot justify this request. The pendency of a motion to compel arbitration does not warrant a stay. *Powell v. UHG I LLC*, 2023 WL 5964931, at \*2 (S.D. Cal. Sept. 12, 2023) ("Unlike a situation where a motion to compel arbitration has been granted, the Court is unaware of any statute which requires that discovery be stayed once a motion to compel arbitration is filed, nor has the defendant cited to any such authority."). Additionally, this Court was aware of Proton's pending motion to compel arbitration when it lifted the stay as to Proton. Dkt. 235. Rather than stay discovery at that time, the Court expressed serious concerns about Proton and recognized Swan's need to "litigate their case expeditiously." Ex. 13 at 4:23-5:5 (Transcript from June 13, 2025 hearing).

Proton has not argued that the requested discovery is overly burdensome or unavailable, and given that Swan issued the discovery on February 26, Proton has had plenty of time to locate responsive documents. The Court should reject Proton's further plea to avoid producing documents that it has ready in its possession and order Proton to comply with Swan's discovery requests within seven days.



1 DATED: July 3, 2025

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3 By /s/ Austin Buscher

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